

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral

BILL NUMBER: AB 55
AUTHOR: M. Gatto

BILL SUMMARY: Unemployment Compensation: Motion Picture Industry

This bill would eliminate the January 1, 2012 sunset date on the provisions that allow a motion picture payroll service company to serve as the employer of a motion picture production worker.

FISCAL SUMMARY

Based on review of this program, which has been in effect since January 1, 2007, the Employment Development Department (EDD) indicates that the associated costs and workload for treating these payroll companies as employers were minor and have been absorbed within existing resources. In addition, they indicated that these provisions did not appear to result in any Unemployment Insurance rate manipulation, which was a concern raised in the review of implementing legislation (Chapter 811, Statutes of 2006).

COMMENTS

The Department of Finance is neutral on this bill.

Under existing law a motion picture payroll services is authorized as the employer of a motion picture production worker. In addition, these companies are required to file a statement with the EDD that declares its intent to be the "employer" of these workers. These provisions would sunset on January 1, 2012.

This bill would repeal this sunset date. Consequently, these types of companies would permanently serve as the employer for purposes of payroll tax reporting and employee benefits pursuant to the Unemployment Insurance and the Disability Insurance programs. This bill would also delete the provisions that allow the EDD to report to the Legislature on the impact of this flexibility to the Unemployment Insurance Fund.

		SO	(Fiscal Impact by Fiscal Year)								
Code/Department		LA	(Dollars in Thousands)								
Agency or Revenue		CO	PROP								Fund
Type		RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code	
7100/EDD		SO	No	----- No/Minor Fiscal Impact -----						0871	
<u>Fund Code</u>	<u>Title</u>										
0871	Unemployment Fund										

Analyst/Principal (0240) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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